

FACT-FINDING PROCEEDINGS PURSUANT TO CALIFORNIA GOVERNMENT

CODE SECTION 3505.5

In the Matter of a Dispute
 Between
 County of Merced
 and
 United Public Employees, Inc.

Collective Bargaining Impasse
 Fact-Finding
 PERB Case No. SA-IM-171-M
 Arbitrator's Case # 16-A-275
 Report and Recommendations of
 the Fact-Finding Panel
 January 17, 2017

Fact-Finding Panel:

John F. Wormuth

Neutral Chair/Arbitrator

Shelline K. Bennett, Esq.

For the Employer

Michael Collins, Business Agent

For the Exclusive Representative

Hearing: December 22, 2016**Appearances:**On behalf of Merced County:

Che Johnson, Esq.
 Liebert Cassidy Whitmore
 5250 North Palm Avenue, Suite 310
 Fresno, CA. 93704

On behalf of United Public Employees:

Angel Barajas, Business Agent
 United Public Employees
 9333 Tech Center Drive, #100
 Sacramento, CA. 95826

1 **BACKGROUND**

2 United Public Employees is the exclusive representative for Bargaining
3 Unit Number 3, referred to as Administrative General Support. Members of the
4 Unit 3 provide a wide range of administrative and clerical services for Merced
5 County within its various departments.

6 The Memorandum of Understanding (hereinafter referred to as the
7 "MOU") between Merced County and United Public Employees expired on June
8 30, 2016, and the parties subsequently engaged in negotiations for a successor
9 agreement. During the relevant period of time, the parties were able to reach
10 agreement on several substantial issues. Resolutions of the outstanding issues
11 were contingent on the satisfactory settlement of wages. Both the County and
12 the Union approached the settlement of the unresolved issues within the context
13 of a three (3) year MOU. The term of the proposed MOU was July 1, 2016
14 through June 30, 2019.

15 The County of Merced's economic base is predominantly agrarian. The
16 County of Merced surveys comparable counties that are similarly situated and
17 located in the Central Valley.

18
19 **ISSUES**

20 1. **COMPENSATION:**

21 **Position of the County of Merced:**

22 The County of Merced proposed a 2.0% general base wage increase,
23 effective the first full pay period after July 1, 2018. During the previous contract
24 term, Unit 3 members received salary increases, while other county employees
25 did not. The totality of the wage increases was 12% from 2009 through 2012.

1 Except for Unit 3 and one other bargaining group, there were no other base wage
2 increases from 2013, and 2014. (County opening statement pg.12)

3 These increases have caused internal comparability issues. The potential
4 result is the compression of supervisory wage scales. Notable examples are the
5 positions of Administrative Supervisor, Supervising Recorder and Assessment
6 Services Supervisor.

7 The County of Merced surveys the counties of Fresno, Kern, Kings,
8 Madera, San Joaquin, Stanislaus and Tulare. The survey indicates Merced
9 County's benchmark classifications are competitive.

10 Position of United Public Employees:

11 United Public Employees proposes a 1.5% base wage increase, effective
12 the first full pay period upon ratification, followed by a 2.5% base wage increase,
13 effective the first full pay period after July 1, 2017. Between April 1 and 30, 2018,
14 the parties will reopen negotiations for a base wage increase for the remaining
15 year of the MOU.

16 The wage increases that were received during the last contract fail to
17 provide adequate compensation. During the interceding time period, the
18 Consumer Price Index has increased 6.5%. An initial 1.5% base wage increase,
19 followed by a 2.5% in July of 2017, is necessary and justified. These increases
20 will maintain a reasonable standard of living for Unit 3 members and provide a
21 competitive wage scale for recruitment and retention of employees.

22 Recommendation:

23 The Chair recommends that the July 2018 2.0% proposed base wage
24 increase be split. Effective upon ratification, a 1% base wage increase will be
25 applied to all classifications in Unit 3. An additional 1% increase will be added to

1 the base wage, effective the first full pay period after July 1, 2018. Between April
2 1 and April 30, 2019, the County and the Union should begin the negotiations for
3 a contract renewal.

4 It is in the interest of both parties to maintain a three (3) year agreement.
5 The parties have raised substantial issues of wage compression, equity, and
6 internal and external comparisons. Issues of wage comparisons and equity
7 require an in-depth analysis. The three (3) year duration of the agreement
8 should provide the opportunity for the parties to discuss and study the
9 complexities of the issue.

10 Application of a 1% base wage increase upon ratification of the MOU
11 preserves the existing internal relationships and increases the wage base for Unit
12 3 members. In addition, the wage increase of July 2018 is within a few months of
13 the contract renewal date scheduled for the spring of 2019.

14

15 2. PROBATIONARY PERIOD.

16 Position of the County of Merced:

17 The County proposes to increase the probationary period for new hires
18 from six (6) months to one (1) year. Probationary periods for other bargaining
19 units range from one (1) year to 18 months.

20 Position of United Public Employees:

21 Acceptance of a one (1) year probationary period is conditional on the
22 resolution of an acceptable base wage increase.

23 Recommendation

24 The Chair recommends the adoption of a one (1) year probationary period
25 for new hires.

1 3. WRITTEN REPRIMAND PROCESS:

2 Position of Merced County:

3 The County proposes that written reprimands will no longer be appealable
4 to an administrative hearing officer. The final level of review would be to the
5 department head.

6 Position of United Public Employees:

7 Acceptance of the department head as the final level of review for
8 reprimands is conditional on the resolution of an acceptable base wage increase.

9 Recommendation:

10 The Chair recommends that the final level of review for reprimands be the
11 department head.

12

13 4. Reopener on Employer Health Care Benefit Contributions:

14 Recommendation:

15 The parties have resolved the essence of the health care benefit
16 contributions. The only outstanding issue presented is the language triggering
17 the timing of the reopener. The Chair recommends that the health care benefit
18 contributions be reopened when the County has received the necessary
19 notifications and data from the various health care providers.

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1 5. TERM:

2 Recommendation:

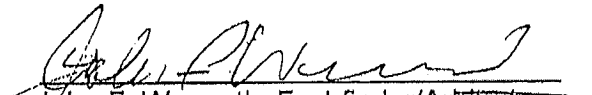
3 The parties have expressed a preference for a three (3) year term. The
4 term of the MOU is July 1, 2016 through June 30, 2019.

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John F. Wormuth, Fact-finder/Arbitrator

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13 _____
14 Michael Collins
Business Agent , United Public Employees

concur dissent date

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19 _____
20 Shelline K. Bennett, Esq.
County of Merced

Phase set attached
concur dissent date 1-16-17

21

Merced County and United Public Employees
PERB Case No. SA-IM-171-M
Arbitrator's Case No. 16-A-275

Merced County's Representative to Fact-Finding Panel
Shelline K. Bennett

Concurrence to the Report and Recommendations of the Fact-Finding Panel:

As the representative for Merced County to the Fact-finding Panel, I am providing this concurring opinion.

The County concurs with the vast majority of the findings and recommended terms of settlement in the Report. The County maintains that a 2% base wage increase is most appropriate effective the first full pay period after July 1, 2018. While, the County is amenable to discussing the Panel's recommended effective date(s) for the 2% base wage increase with the Union, during the hearing, UPE clearly stated that it rejects the recommendations and has refused to discuss them with the County. Accordingly, the County believes that any such discussions would be futile and therefore believes that a future wage increase should not be effective before July 1, 2018.

Additionally, and for clarification, the sentence in the Report reading, "There were no base wage increases for any bargaining unit for 2013, 2014, and 2015" should be deleted and replaced with, "Except for Unit 3 and one other bargaining group, there were no other base wage increases from 2009-2014."

Shelline K. Bennett

Name

[Handwritten Signature]

Signature

1-12-17

Date



UNITED PUBLIC EMPLOYEES

January 20, 2017

United Public Employees Fact Finding Panel Member: Mike Collins

RE: Dissenting Opinion on the Chair's Fact Finding Recommendation

Salary Base Wage Increase:

UPE dissents with the chairs recommendation. The chairs' recommendation in respect to the base wage salary increase would only amount to a 2% base wage increase during the term of the contract (1% upon ratification and 1% after the first full pay period in July 2018). The amount the chair is recommending is not justified since the County has the ability to pay and the need for a reasonable base wage increase for Unit 3 employees is present.

For example, during the hearing, it was recognized by all parties that Merced County's fiscal condition was not a factor pertaining to the County's refusal to accept the unions base wage increase proposal. UPE presented that Merced County's General fund has increased by 25% since the 2013-2014 fiscal year and Government Fund increased by 21%. As a result, UPE salary base wage proposal would not hinder Merced County's current or future fiscal obligations.

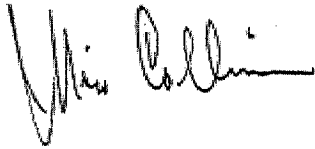
Furthermore, during the hearing, it was recognized that Unit 3 employee have not received a base wage increase since 2012. UPE argued this factor coupled with the rise of the consumer price index (cost of goods and services) would justify a 1.5% salary base wage increase upon ratification and another 2.5% after the first pay period in July 2018. UPE presented valid evidence that between 2012 and 2015, the Consumer Price Index alone increased by a total of 6.5%. Keep in mind, this total did not include the 2016 CPI (U.S. Department of Labor did not publish the 2016 CPI during the time the hearing).

UPE contends that Merced County's Salary survey should not be given any weight. UPE did not agree on the benchmark classifications nor on the counties that were surveyed. The survey failed to provide all significant elements of a compensation survey such as longevity pay, differed compensation, educational incentive, cafeteria plan, health care, dental, vision, retirement, social security, etc. UPE believes that this concerted effort between Merced County and the contiguous counties to stagnate wages for clerical employees is an attempt to control wages.

Lastly, UPE presented the following information to justify its salary base wages proposal. Merced County have approved base wage increases above 2% total (during the tenure of the contract) for all other employees (including administrative and confidential employees) except for Unit 3 employees. The County's refusal to provide a decent base wage increase is of great concern since most of Unit 3 employees are the lowest paid in the County. In fact, unit 3 single income household wage earners will more likely fall between the very low income and low income area median in Merced County. As a result, some have or will continue to use other state and county aid.

Health Care:

UPE argued that converting from a percentage employer health care premium to a set dollar amount (Cap) would fiscally impact Unit 3 employees in the long run; hence, more out of pocket pay for health insurance coverage. In order to assist in offsetting those costs, it would be imperative that the chair side with UPE's base wage salary proposal. Also, UPE's acceptance of the County's Health Care proposal would only under the condition on the resolution of an acceptable base wage increase proposed by UPE.

A handwritten signature in black ink, appearing to read "Miss Collins", with a stylized, cursive script.

Business Agent
United Public Employees